

**SIDE LETTER AGREEMENT
BETWEEN THE CITY OF SUNNYVALE AND
THE PUBLIC SAFETY MANAGERS ASSOCIATION
IRREVOCABLE ELECTIONS TO BE MADE IN ADVANCE OF CASHING OUT LEAVE**

- 1) The Public Safety Managers' Association (PSMA) conditionally agrees to a program proposed by the City of Sunnyvale Department of Human Resources (HR) pre-identifying the specific amount of Floating Holiday and PTO that will be cashed out through election by individual PSMA members in December 2015. This individual election will be completed and dated in December 2014. No taxes or penalties will be assigned prior to the actual receipt of the identified pay-out.
- 2) On or after April 16, 2018, or upon any change in IRS regulations which could potentially affect this process, the City of Sunnyvale (City) will solicit, within 45 days of a written request from PSMA to do so, a written opinion from the IRS opining as to whether the concept of constructive receipt applies to leaves cash-out programs. The PSMA understands that this could take considerable time to receive.
- 3) For a 2016 cash out election, if a negotiated agreement is not reached between the City and PSMA by the end of November 2015, the City and PSMA conditionally agree to conduct the same process as implemented in 2014 for the December 2015 election process.
- 4) Once an opinion from the IRS is received, the PSMA agrees to meet with the City to determine the most appropriate course of action. In the event the IRS classifies that the early identification of leave pay-out is unnecessary then PSMA has the right to return to the original/historical annual process.

FOR THE CITY OF SUNNYVALE



Teri Silva, Director of Human Resources

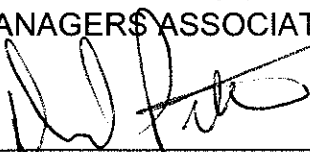
Date: December 17, 2014



Deanna J. Santana, City Manager

Date: December 17, 2014

FOR THE PUBLIC SAFETY
MANAGERS ASSOCIATION



DC Dave Pitts, PSMA President

Date: December 17, 2014